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TAGS: [ECON](#) [ENRG](#) [IZ](#)  
SUBJECT: UIA REVIEWS OIL LAW

Classified By: Economic Minister-Counselor Daniel Weygandt for reasons  
1.4 (b) and (d).

¶1. (C) Dr. Haider Abadi, chair of the Economic Committee at the Council of Representatives (CoR), described how the United Iraqi Alliance (UIA) is reviewing the hydrocarbon framework law in an April 9 meeting with Deputy EconCouns and Econoff. He believes that the CoR can act quickly once the GOI sends them the draft law, although he noted that the CoR Members "may change some parts". The UIA has formed a five-person committee to discuss major political aspects of the law, with the following members: Dr. Abadi (Dawa), Safa al Safi (Minister of State for Parliamentary Affairs, Independent), Abd al Hadi al Hassani (Vice Chair of the Oil and Gas Committee, Dawa Tanzim), Jalal al Din al Saghir (SCIRI) and Qusay Al Suhail (Sadrist). Dr. Abadi said that the law is still with the Shoura Council and has not yet been submitted to the CoR, but that the UIA committee has already begun reviewing a draft of the law from a policy, rather than technical, perspective. They have decided that the party block should focus most on the upstream, transportation, and sales aspects of the law. "The Kurds will want to focus on exploration, but we don't need that in the rest of Iraq since we already know where plenty of the oil is," Dr. Abadi said. He thinks that parts of the law have been deliberately left vague at the Kurds behest, because they want certain issues to remain in dispute.

¶2. (C) Dr. Abadi is concerned about the perception that the CoR is 'selling the country', noting regular media criticism of the hydrocarbon law. He doubts that the major international oil companies will be willing to enter Iraq's market in the next few years due to security restrictions; "we'll probably get the 'cowboys' though," he said. Dr. Abadi thought that other political blocks, including Tawafuq and the Kurds, were similarly working on reviewing the law. Once the CoR officially receives the law, it will be reviewed by the Oil and Gas Committee, the Economic Committee, and the Finance Committee before having a plenary vote. In spite of potential criticism, he said, "it is essential for us to pass the oil law, for the good of the Iraqi people."

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Investment in Iraq  
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¶3. (C) Dr. Abadi worked closely with the Embassy during the development and passing of the Investment Law. He noted that Dr. Abbas Mehdi has been named as the Chair of the National Investment Commission, and said that while this appointment is subject to CoR approval Dr. Mehdi can begin his work immediately. Dr. Abadi requested post support in assisting provinces in forming their investment commissions. DepEconCouns suggested that the Provincial Reconstruction Teams can help at the local level, in addition to national training and capacity development programs. Dr. Abadi also highly praised USAID's work in micro-credit, saying that he has heard excellent feedback from Iraqis about their experience in the program. Dr. Abadi said he heard that the

USG was going to give "1 billion dollars to rebuild government-owned companies". DepEconCouns said that the private sector would be the real source of economic growth in the country. He noted that the Minister of Industry and Minerals was moving to address the problems of State Owned Enterprises and suggested that Dr. Abadi get a briefing on the program from MIM. "The private sector is important," Dr. Abadi said, "but it's not there. These huge idle factories are costing the government a lot of money in salaries."

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